EMERITI RETIREE HEALTH PLAN FOR WHITWORTH UNIVERSITY

Spokane, Washington

FINANCIAL STATEMENTS
Including Independent Auditors' Report

As of December 31, 2016 and 2015
and for the Year Ended December 31, 2016

EMERITI RETIREE HEALTH PLAN FOR WHITWORTH UNIVERSITY

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Note: Supplemental schedules required by the Employee Retirement Income Security Act of 1974 not included as part of these statements are not applicable to Emeriti Retiree Health Plan for Whitworth University.

INDEPENDENT AUDITORS' REPORT

To the Participants and Plan Administrator of the
Emeriti Retiree Health Plan for Whitworth University
Spokane, Washington

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Emeriti Retiree Health Plan for Whitworth University (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 8, which was certified by TIAA, as the Insurance Company of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that the Insurance Company, along with TIAA-CREF Trust Company, FSB, holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained certifications from the Insurance Company as of December 31, 2016 and 2015, and for the year ended December 31, 2016, that the information provided to the Plan administrator by the Insurance Company is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for opinion on the financial statements. Accordingly, we do not express an opinion on these financial statements as a whole.

Other Matter – Supplemental Schedule

The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2016, is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the Insurance Company, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
July 25, 2017

EMERITI RETIREE HEALTH PLAN FOR
WHITWORTH UNIVERSITY

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
As of December 31, 2016 and 2015

ASSETS	2016	2015
Investments, at fair value		
Money market fund	$ 102,994	$ 82,183
Mutual funds	999,338	837,612
Total investments	1,102,332	919,795
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,102,332	$ 919,795

See accompanying notes to financial statements.

EMERITI RETIREE HEALTH PLAN FOR
WHITWORTH UNIVERSITY

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended December 31, 2016

ADDITIONS	
Additions to net assets attributed to	
Investment income	
Interest and dividend income	$ 47,527
Net appreciation in fair value of investments	13,307
Total investment income	60,834
Contributions	
Employer contributions	222,317
Participant contributions	29,621
Total contributions	251,938
Total additions	312,772
DEDUCTIONS	
Deductions from net assets attributed to	
Benefits paid to participants	47,235
Insurance premiums	42,691
Administrative expenses	40,309
Total deductions	130,235
Net increase in net assets available for benefits	182,537
NET ASSETS AVAILABLE FOR BENEFITS - Beginning of the year	919,795
NET ASSETS AVAILABLE FOR BENEFITS - END OF YEAR	$ 1,102,332

See accompanying notes to financial statements.

NOTE 1 - Description of the Plan

The following description of the Emeriti Retiree Health Plan for Whitworth University (the "Plan") provides only general information. Participants should refer to the Emeriti Retiree Health Plan for Whitworth University summary plan description and plan document for a more complete description of the Plan's provisions.

General

The Plan, effective June 1, 2011, provides post-retirement health benefits, covering the employees of Whitworth University (the “University”) and their covered dependents. The University is the Plan Sponsor and Plan administrator. The Plan is a defined contribution health model plan that is funded through employer and participant Voluntary Employees' Beneficiary Association (VEBA) Trusts designed in part by Emeriti Retirement Health Solutions, a not-for-profit company. Upon enrollment in the Plan, a participant may direct employer and participant contributions to any combination of available investment options. The Emeriti Retirement Health Solutions company appointed TIAA as the Insurance Company of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Eligibility and Contributions

Employees are eligible to participate in the Plan, if they are regularly scheduled to work at least half-time and are 21 years of age. Students, adjuncts, lecturers and individuals working less than half-time are not eligible for participation. Once an eligible participant attains the age of 35, the Plan Sponsor will begin to make a contribution for each payroll period during which the participant is credited with at least one hour of service. Certain retired participants receive contributions into their accounts based on their age at retirement, length of service, date of hire and year of retirement from the Plan Sponsor. Participants, including those no longer employed by the Plan Sponsor may make after-tax contributions into an account, provided the account maintains a positive balance.

Participant Accounts

Participant accounts are credited with contributions, an allocation of the Plan's earnings/losses and interest (net of administrative expenses), based on the participant's selected investment options. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting and Forfeiture

Participants are immediately vested in their individual after-tax contributions. A participant must complete five years of continuous service with the Plan Sponsor, to become vested in the employer contributions within their balances. Participants terminating prior to the completion of the five years will have their employer contributions forfeited.

All employer assets in the Plan are forfeitable upon the last to die of the participant, spouse (or dependent domestic partner), dependent children and dependent relatives. The Insurance Company will transfer the forfeitable balance to the forfeiture account at the direction of the Plan Sponsor.

As of December 31, 2016 and 2015, forfeited nonvested accounts totaled $44,309 and $27,511, respectively. This account will be used to reduce future Plan Sponsor contributions or Plan expenses.
In 2016, University contributions were reduced by $11,496 of forfeited nonvested accounts.

NOTE 1 - Description of the Plan (continued)

Benefits

The Plan makes available certain health benefits to retired participants of the Plan. Retirees age 59 ½ or older and have five years of continuous service may elect an Emeriti Health Insurance option upon attaining age 65. The majority of participants choose from an AETNA plan, if a participant is a resident of Minnesota they may choose a HealthPartners plan. Both plans have the option for prescription coverage. Participants must enroll within 90 days of attaining age 65. The spouse of a retiree may also enroll in health coverage. Monthly insurance premiums are incurred by the selection of a health insurance option and are deducted from the participants' VEBA account. If the participants' account is exhausted, participants may retain coverage under the Emeriti Health Insurance option by paying insurance premiums directly from a personal checking or savings account. COBRA is available for dependents of retirees who lose eligibility.

A participant is eligible for reimbursement benefits payable from the non-forfeitable balance in their VEBA account upon the date the participant ceases to be employed, has five years of continuous service and attains age 55. Retirees who have a balance in their VEBA account are immediately eligible for reimbursement. In addition to insurance premiums, participants may also submit qualified medical expenses claim forms along with the required documentation for reimbursement. In the event of a participant's death, the dependent named on the account may submit qualified medical expenses for reimbursement until the account is exhausted.

Special Benefit Circumstances

If the participant ceases to be employed by the Plan Sponsor prior to attaining age 55, has five years of continuous service, and the aggregate balance of the VEBA Account is less than $5,000 then the participant is immediately eligible to use the VEBA accounts for qualified medical expenses.

If the participant has a terminal illness, disability or injury expense, the participant is immediately eligible to use the VEBA account for qualified medical expenses.

If the participant and/or eligible dependents have incurred medical expenses during a single 12-month period which exceeds $15,000, the participant is immediately eligible to use the VEBA accounts for qualified medical expenses for any amount greater than $15,000.

Termination of Plan

Although it has not expressed any intent to do so, the Plan Sponsor has the right under the Plan to terminate the Plan at any time subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

Notes Receivable from Participants

There are no participant loans allowed under the Plan.

Administrative Expenses

General plan administrative expenses, such as legal fees and administrative costs, are paid directly by the Plan Sponsor. Fees specific to the participant's investment selections and accounts are charged against that participant's account balance.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to use estimates and assumptions that affect the accompanying financial statements and disclosures. Actual results could differ from these estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's management determines the Plan's valuation policies utilizing information provided by the investment advisors, custodians and insurance companies. See Note 3 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest and dividends are recorded on the cash basis, which approximates U.S. GAAP. Net appreciation (depreciation) includes the gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits

Benefits are recorded when paid.

NOTE 3 - Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Plan has the ability to access.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly, such as:

- quoted prices for similar assets in active markets;
- quoted prices for identical or similar assets in inactive markets;
- inputs other than quoted prices that are observable for the asset;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 3 - Fair Value Measurements (continued)

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Plan sponsor is responsible for the determination of fair value. Accordingly, they perform periodic analysis on the prices received from the Insurance Company used to determine whether the prices are reasonable estimates of fair value. As a result of these reviews, the Plan sponsor has not historically adjusted the prices obtained from the Insurance Company.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2016 and 2015.

	December 31, 2016			
	Total	Level 1	Level 2	Level 3
Money market fund	$ 102,994	$ 102,994	$ -	$ -
Mutual funds	999,338	999,338	-	-
Total Investments at Fair Value	$ 1,102,332	$ 1,102,332	$ -	$ -

	December 31, 2015			
	Total	Level 1	Level 2	Level 3
Money market fund	$ 82,183	$ 82,183	$ -	$ -
Mutual funds	837,612	837,612		
Total Investments at Fair Value	$ 919,795	$ 919,795	$ -	$ -

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015.

The money market fund is valued at the quoted net asset value ("NAV") of shares held by the Plan at year end.

The mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

NOTE 4 - Administration of Plan Assets

The Plan assets are administered under a contract with TIAA. The insurance company invests funds received from contributions, investment sales, interest and dividend income and makes distribution payments.

NOTE 5 - Related Parties and Parties-In-Interest Transactions

The Plan's investments are managed by TIAA, the insurance company, and, therefore, the transactions qualify as party-in-interest transactions. Fees incurred by the Plan for the investment management services are included in net appreciation in the fair value of the investments, as they are paid through revenue sharing, rather than a direct payment.

NOTE 6 - Tax Status

The Internal Revenue Service ruled in letters dated January 14, 2014 and April 27, 2014 that the trusts (employer and employee, respectively) established under the Plan qualify under Section 501(c)(9) of the Internal Revenue Code and, therefore, the trusts are not subject to tax under present income tax law. The plan administrator believes that the Plan is designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, the plan administrator believes that the Plan was qualified and the related trusts were tax-exempt at the financial statement date.

U.S. GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 7 - Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

As of December 31, 2016 and 2015, the Plan had investments of $778,330 and $662,249, respectively that were concentrated in five funds.

NOTE 8 - Information Certified by the Insurance Company

The plan administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA for 2016 and 2015. Accordingly, TIAA, the Insurance Company of the Plan, has certified to the completeness and accuracy of all investments reported in the accompanying Statement of Net Assets Available for Benefits as of December 31, 2016 and 2015 and the supplemental Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year) as of December 31, 2016, and the related investment activity reported in the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2016.

NOTE 9 - Subsequent Events

The University has evaluated subsequent events through July 25, 2017, which is the date that the financial statements were approved and available to be issued, for events requiring recording or disclosure in the Plan's financial statements.

SUPPLEMENTAL INFORMATION

EMERITI RETIREE HEALTH PLAN FOR
WHITWORTH UNIVERSITY

Schedule H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
Plan 520
EIN 91-0473310
As of December 31, 2016

(a)	(b) Identity of Issue	(c) Description of Investment	(d) Cost	(e) Current Value
*	Money Market Fund	TIAA-CREF Money Market Fund - Retirement Class	**	$ 102,994
*	Mutual Fund	TIAA-CREF Lifecycle 2010 Fund - Retirement Class	**	93,793
*	Mutual Fund	TIAA-CREF Lifecycle 2015 Fund - Retirement Class	**	149,635
*	Mutual Fund	TIAA-CREF Lifecycle 2020 Fund - Retirement Class	**	178,018
*	Mutual Fund	TIAA-CREF Lifecycle 2025 Fund - Retirement Class	**	134,272
*	Mutual Fund	TIAA-CREF Lifecycle 2030 Fund - Retirement Class	**	170,830
*	Mutual Fund	TIAA-CREF Lifecycle 2035 Fund - Retirement Class	**	145,575
*	Mutual Fund	TIAA-CREF Lifecycle 2040 Fund - Retirement Class	**	106,275
*	Mutual Fund	TIAA-CREF Lifecycle 2045 Fund - Retirement Class	**	20,182
*	Mutual Fund	TIAA-CREF Lifecycle 2055 Fund - Retirement Class	**	758
				$ 1,102,332

* Represents a party-in-interest
** Cost omitted for participant directed investments

This schedule has been prepared based on information certified as complete and accurate by TIAA, the Insurance Company.